

News Release



U.S. Immigration
and Customs
Enforcement

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ARRESTS MADE IN \$30 MILLION CANADIAN TELEMARKETING FRAUD THAT TARGETED THOUSANDS OF U.S. VICTIMS -- *Former HSBC Bank Vice President Among Those Arrested* --

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, and MARTIN FICKE, the Special Agent in Charge of the New York Office of Immigration and Customs Enforcement (ICE) of the United States Department of Homeland Security, announced that LESLIE PINSKY and STEPHEN CLARK were arrested today in Montreal, Canada, by Canadian authorities on a U.S. federal criminal Complaint (the "Complaint") charging them with leading a massive telemarketing fraud scheme that targeted tens of thousands of victims in the United States.

According to the Complaint, PINSKY and CLARK were the owners of a company in Montreal (the "Company") that made unsolicited or "cold-calls" to low-income U.S. residents with poor credit. In these calls, telemarketers working for PINSKY and CLARK offered U.S. residents "guaranteed" credit cards for a fee of typically \$300 each, the Complaint charges. The Complaint alleges that in the cold-calls, telemarketers would obtain the victims' bank account information, which the Company in turn used to initiate automatic transfers of funds from the victims' bank accounts to an account the Company held at HSBC Bank USA ("HSBC") in Manhattan.

According to the Complaint, although some of the victims of the scheme did receive a manual on how to repair their bad credit, none of the victims received a credit card from the Company. The Complaint further alleges that numerous victims attempted to contact the Company to cancel their orders and obtain refunds, but that they were unable to reach anyone at the Company.

During the alleged scheme, which lasted from at least late 2001 through mid-2003, the Company initiated a total of approximately \$30 million in automatic transfers from the bank accounts of an estimated 100,000 total victims, the Complaint alleges. According to the Complaint, the Company obtained the names and addresses of these victims from brokers located in the U.S., and the victims were all low-income people with poor credit.

Mr. KELLEY and Mr. FICKE also announced that on Wednesday, January 26, 2005, RAYMOND PAYNE, a former Vice President of HSBC who worked out of HSBC's corporate offices in Manhattan, was arrested and charged in a separate Complaint for his role in this alleged fraudulent scheme. According to the Complaint against PAYNE, PAYNE facilitated the fraud scheme by acting as HSBC's relationship manager for the Company and by selling credit manuals to the Company which were provided to some of the victims in lieu of the "guaranteed" credit cards.

The investigation into this telemarketing fraud scheme is being conducted by a joint U.S.-Canadian telemarketing fraud task force called Project COLT. Project COLT is comprised of federal agents from the U.S. Department of Homeland Security, the Federal Bureau of Investigation and the U.S. Postal Inspection Service, as well as investigators and law enforcement personnel from the Royal Canadian Mounted Police, Surete de Quebec (the Quebec Provincial Police), the Montreal Police Department and the Canadian Competition Bureau. The Office of the North Carolina Attorney General is also involved in the investigation.

Mr. KELLEY praised the investigative efforts of all of the participating agencies and said that the investigation is continuing.

Mr. KELLEY stated: "Telemarketing fraud preys upon both the most and least vulnerable members of our society. This scheme, which allegedly targeted tens of thousands of low-income people with poor credit, choose the most vulnerable as its target. We will continue to work in partnership with Canadian authorities to investigate and prosecute these very serious crimes."

Mr. FICKE stated: "These arrests were the result of solid investigation by dedicated professionals in both the United States and Canada who are committed to Project Colt. These criminals exploited victims on both sides of the border. ICE remains committed working with our law enforcement partners to shut down the networks that carry out telephone scams."

The arrests of PINSKY and CLARK were made by Canadian law enforcement authorities pursuant to a provisional arrest request made by the U.S. government. The U.S. government next plans to pursue a formal request for extradition of PINSKY and CLARK under the U.S./Canada Extradition Treaty. The arrest of PAYNE was made by agents with the Department of Homeland Security, Immigration and Customs Enforcement.

PINSKY, 51, resides in Dollards-Des-Ormeaux, Quebec, a suburb of Montreal. CLARK, 44, resides in Montreal. PAYNE, 33, resides in Brooklyn, New York. They are each charged with one count of conspiracy to commit wire fraud. Upon conviction, this charge carries a maximum sentence of 20 years in prison and a maximum fine of \$250,000 or twice the gross gain or loss resulting from the offense.

Assistant United States Attorney JONATHAN S. ABERNETHY is in charge of the prosecution.

The charges contained in the Complaints are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

#ICE#

U.S. Immigration and Customs Enforcement was established in March 2003 as the largest investigative arm of the Department of Homeland Security. ICE is comprised of five integrated divisions that form a 21st century law enforcement agency with broad responsibilities for a number of key homeland security priorities.